

# Exhibit B

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 09-10156-ALG

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In the Matter of:

TRONOX INCORPORATED,

Debtor.

- - - - -x

United States Bankruptcy Court

One Bowling Green

New York, New York

February 6, 2009

10:37 AM

B E F O R E:

HON. ALLAN L. GROPER

U.S. BANKRUPTCY JUDGE

VERITEXT REPORTING COMPANY

212-267-6868

516-608-2400

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2 UNITED STATES DEPARTMENT OF JUSTICE

3 Office of the United States Trustee

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7 BY: SUSAN D. GOLDEN, ESQ.

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23 BY: LYDIA PROTOPAPAS, ESQ.

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1 MS. PROTOPAPAS: Okay. Thank you, Your Honor. As I  
2 mentioned, the debtor's first day affidavit and now also the  
3 EPA's objection have a number of allegations, the most salient  
4 of which is simply that Kerr-McGee, we'll call it the new Kerr-  
5 McGee as the debtor calls is, that is the Kerr-McGee that  
6 existed subsequent to the spinoff of the chemical business,  
7 intentionally engaged in this scheme to, sort of, isolate  
8 environmental obligations in a particular line of entities and  
9 then spinoff those entities and rid itself of all of its  
10 environmental concerns.

11 While it is true that there were various corporate  
12 reorganizations that occurred within Kerr-McGee prior to the  
13 spinoff, there's certainly no suggestion in anything that we  
14 have seen or anyone with whom we have spoken that the purpose  
15 of these transactions was to isolate or in any way concentrate  
16 environmental liabilities in the chemical division.

17 Instead, the board minutes and other documents are  
18 fairly clear that the purpose of the separation of the  
19 chemicals and the oil and gas business was to organize the  
20 company in a more rational structure so that it would be less  
21 confusing, both internally and to constituencies with whom we  
22 dealt externally, as to what company they were dealing with.

23 Kerr-McGee, as you are probably aware, was a very  
24 large, integrated enterprise which had been in operation since  
25 the 1920s. It had made a series of acquisitions over that time

1 period. And in particular in 2001 it acquired a company called  
2 HS Resources. When those companies were folded into Kerr-McGee  
3 they didn't necessarily end up in the place where it was most  
4 rational for them from a business function standpoint. Many of  
5 those acquisitions were tax driven and so they were folded in  
6 wherever it made sense or wherever it was recommended by  
7 various different tax advisors.

8 So, subsequent, in particular, to the acquisition of  
9 HS Resources the company elected to engage a restructuring.  
10 And in particular that restructuring, as we've heard, was  
11 involved in the separation of oil and gas from the main  
12 chemical division.

13 What's omitted from the pleadings that we've thus far  
14 seen is that while it is true that assets were moved around the  
15 liabilities generally followed. And while oil and gas  
16 liabilities assets were moved out of certain companies that  
17 later became Tronox, likewise those oil and gas liabilities  
18 were also moved out. In other words, they followed the assets.

19 Moreover, the idea that these extensive corporate  
20 reorganizations were undertaken strictly as a result of the  
21 company's desire to isolate what, at that time on November 30th  
22 of 2002 which is, sort of, the time period when we were  
23 allegedly or Kerr-McGee was allegedly undertaking these  
24 improper transaction, the environmental liabilities reserved in  
25 public documents and in SEC filings was 220 million dollars.

1 In the 2005 and 2006 time period the company was ultimately  
2 sold for approximately twenty billion dollars. So the idea  
3 that this 200 million -- 220 million dollars of environmental  
4 reserves was what was driving a twenty-plus billion dollar  
5 company just really doesn't withstand very much scrutiny.

6 Subsequent to the reorganization, which I believe was  
7 completed on December 31st of 2002, in early 2005 Kerr-McGee --  
8 so in other words this is over two years after the completion  
9 of this restructuring that we keep hearing about, the board  
10 authorized the sale or spinoff of the chemical division. So  
11 this decision was not based on the need to rid the company of  
12 environmental liabilities but on the fact that experts were  
13 advising Kerr-McGee that the value of the combined companies  
14 were significantly understated and that the value could be  
15 maximized if in fact the chemical business were separated from  
16 the oil and gas business. And in fact there was a proposal by  
17 Carl Icahn who started buying up the stock and agitating for  
18 this division of liabilities.

19 And there are a number of analysts' reports which  
20 bear this out. Many of them indicate that value can be  
21 significantly increased if the chemical and oil and gas  
22 businesses are separated.

23 Lehman was Kerr-McGee's financial advisor and  
24 investment banker at the time. And it clearly made this  
25 recommendation that either an IPO or a sale should be